

Amendment No. 3 to SB1686

**Bryson
Signature of Sponsor**

AMEND Senate Bill No. 1686

House Bill No. 1065*

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

by deleting SECTION 1 in its entirety and substituting instead the following new sections and by renumbering subsequent sections accordingly:

SECTION 1. Tennessee Code Annotated, Section 65-5-213 is amended by deleting the section in its entirety and substituting the following:

65-5-213.

Whereas, it is the intent of the general assembly to provide financial assistance to minority populations that historically have not had reasonable access to capital markets and traditional commercial lending facilities; and

Whereas, it is critical to make available to underserved minority-owned and woman-owned businesses program that provides financial and technical assistance in order to increase participation by these businesses in the economic growth of Tennessee while reflecting the diverse population of the State; therefore,

(a) The department of economic and community development shall retain from the funds currently available in the small and minority-owned telecommunications business program, two million four hundred thousand dollars (\$2,400,000) to provide for loan guarantees, technical assistance and services, and consulting and education services to small, minority-owned and woman-owned businesses pursuant to §§ 12-3-801 through 808. The department shall administer the small, minority-owned and woman-owned businesses assistance program except that the comptroller of the treasury shall administer any loan guarantees provided pursuant to such program. The department, with assistance from the department of general services, shall adopt rules and regulations establishing criteria and standards relative to loan guarantees under this part. It is the legislative intent that such program be designed with consideration of fair distribution of program assistance among the geographic areas of the state with no more than forty percent (40%) of program assistance to be awarded in any grand division and fair distribution of program assistance among small, minority-owned and woman-owned businesses.

(b) The department shall give an interim report on the small, minority-owned and woman-owned businesses assistance program to the house

commerce and senate commerce, labor and agriculture committees no later than February 1, 2005, and each February 1 thereafter. Each committee shall report its comments and recommendations on such report to the department within thirty (30) days of receiving such report.

(c) There is established a general fund reserve to be allocated in accordance with the small, minority-owned and woman-owned businesses program by this section which shall be known as the small, minority-owned and woman-owned businesses assistance program fund. Moneys from the fund may be expended in accordance with such program. Any moneys deposited in the fund shall remain in the reserve until expended for purposes consistent with such program and shall not revert to the general fund on any June 30. Any interest earned by deposits in the reserve shall not revert to the general fund on any June 30 but shall remain available for expenditure in subsequent fiscal years.

SECTION 2. Tennessee Code Annotated, Title 65, Chapter 5, Part 2, is amended by adding the following as a new, appropriately designated section:

65-5-214

(a)

(1)

(A) There is created the "Tennessee Health Sciences Development Fund." All funds currently available in the Small and Minority-Owned Telecommunications Business Assistance Program with the exception of the amount retained pursuant to § 65-5-213 shall be transferred to such Tennessee Health Sciences Development Fund. The purpose of such Fund shall be to provide financial assistance to Tennessee-based health sciences companies. Such financial assistance shall be in the form of loan guarantees.

(B) All loan guarantees issued by the Small and Minority-Owned Telecommunications Business Assistance Program that are outstanding on the date the Tennessee Health Sciences Fund is created pursuant to subsection (a)(1)(A) shall also be transferred to such Fund.

(2) It is the legislative intent of this act that the Tennessee Health Sciences Development Fund be a self-sufficient, self-regenerating fund to encourage the development of health science firms in Tennessee that will create high-skilled, high-paying jobs for Tennesseans.

(b) The department of economic and community development and the department of finance and administration are directed to provide assistance required by the board.

(c) For administrative purposes only, the Tennessee Health Sciences Development Fund shall be attached to the department of economic and community development. The Tennessee Health Sciences Development Fund shall be governed by a nine (9) member board of directors. The board shall include:

(1) Three (3) members appointed by the commissioner of economic and community development competent to serve on the board by reason of experience in the fields of business development and finance.

(2) Two (2) members appointed by the Governor with one (1) being from a public higher education institution and who is engaged in health sciences research and development and one (1) member from a private higher education institution who is engaged in health sciences research and development;

(3) One (1) member appointed by the Governor from a list of three (3) nominees submitted by the Tennessee Biotechnology Association;

(4) One (1) member appointed by the Governor from a list of three (3) nominees submitted the Tennessee Chamber of Commerce;

(5) One (1) member appointed by the speaker of the senate; and

(6) One (1) member appointed by the speaker of the house of representatives;

Each member shall serve a three-year term. In order to stagger terms, one (1) member appointed by commissioner of economic and community development and the member appointed by the Chamber of Commerce shall serve initial terms of one (1) year; and one (1) member appointed by commissioner of economic and community development, the member appointed by the speaker of the senate and the member appointed by the speaker of the house of shall serve two (2) year terms. In making appointments, the appointing authorities shall ensure that racial minorities, females, persons sixty (60) years of age and older and the three (3) grand divisions of the state are represented.

(d) The commissioner of economic and community development, or his designee, shall vote on issues regarding the fund's administration and operation. The commissioner, or his designee, shall not vote on issues regarding the distribution of funds.

(e) The board shall elect its own chair to serve a one (1) year term. A chair may serve no more than three (3) consecutive one-year terms.

(f) Vacancies shall be filled by the appointing authority of the vacating member. Members shall serve until their successors are appointed.

(g) Administrative support for the board shall be provided by the department of economic and community development and paid from the fund's proceeds. All members of the board shall serve without compensation, but they shall be allotted necessary traveling expenses while engaged in the work of or for the board. Reimbursement of travel expenses and meeting costs of the board shall be administered by the department of economic and community development and paid from the fund's proceeds.

(h) The board shall have the sole authority to make final decisions regarding the distribution of funds. A majority of the entire membership shall be required for any decision regarding distribution of funds.

(i) The members of the board shall not have a direct interest at the time of their appointment, in any undertaking that puts their personal interest in conflict with that of the board. The board shall include in its rules pursuant to subsection (j) of this part a conflict of interest statement and all board member shall annually review and sign the conflict of interest statement.

(j) The board shall meet at least quarterly. A majority of the members of the board shall represent a quorum. The board shall adopt rules for the transaction of its business and shall keep a record of its resolutions, transactions and decisions.

(k) There is hereby created a scientific advisory council to review and recommend applications for funding to the board. Such council shall consist of seven (7) members appointed from a list of three (3) nominees each submitted by the technology councils, the Tennessee Technology Development Corporation, the Tennessee Biotechnology Association, and public and private Tennessee colleges and universities with technical transfer programs.

(l) The Tennessee Health Sciences Development Fund shall give a report to the house and senate commerce, labor and agriculture committees no later than February 15 of each year.